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THE COMMERCIAL GEOGRAPHY OF THE AMERICAN INTER-OCEANIC CANAL.

BY

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The work done upon the canal at Panama, and the commencement of active operations along the Nicaraguan route, make an examination of the commercial conditions of the area to be affected by a ship canal across the American isthmus, a matter of present and increasing interest.

In viewing the subject as a whole, one is led to compare the American canal with that of Suez, and to be especially struck with the fact that while the Suez Canal has caused a diversion and a shortening of trade routes already long in existence and between thickly populated and long developed countries, the American canal will open a direct route to the Pacific, an ocean of comparatively modern discovery, and will bring within reach countries for the most part of recent settlement by civilized people, and only just entered upon an era of development which is already great, and promises to expand into amazing proportions. Hence while we look for a steady, though slow increase of trade through the Egyptian Canal, we may reasonably expect to see pass through our own, a trade increasing with great rapidity, simply to keep pace with the development and growth of the populations of our Pacific States, of the insular Pacific, and of the Australian semi-nationalities.

It is not considered necessary to discuss in these limits the saving in time, and distances that will be effected by the use of the trans-isthmian canal, for this has often been recounted, and an examination of the map of the world will readily show the gain in the principal routes. It is, perhaps, even unnecessary to remind the reader of the stormy and unfavorable winds, the tedium and the perils that must be encountered on the route to the Pacific from Europe and Eastern America by the way of Cape Horn. All these vexatious delays and hardships will be avoided by the new route to the Pacific, and the world may then be circumnavigated wholly to the north of the Equator, and with comparative quiet and expedition by way of the two great ship canals.

We may expect as the general effect of this canal upon our own country a great increase in the development, and importance of our trade. The expansion of our ordinary domestic and coasting traffic between the Atlantic and Pacific can readily be foreseen. But besides this we must bear in mind that the centre of gravity of our population is slowly but surely approaching the great continental valley of the Mississippi, and that this dense interior population will not only afford a great market for imports, but will also furnish for exportation a constantly increasing volume of products, which must pass by the long water communication through that river, its tributaries, and the canal, and thus reach freely and without transshipment all the countries of the Pacific. The development of our country will be thus accelerated simultaneously in its three great physical sections included within the general limits of the Atlantic and Pacific slopes, and the Mississippi valley. Is it

not then within the bounds of reason, to expect upon the heels of this enormous domestic trade, a foreign commerce unequalled in our history, and perhaps in that of the world? With the closing of various artificial trade channels—a result sure to follow on the use of this new water-way—not only will the world at large be benefitted, but more especially the consumers in our country. When we consider, for instance, that most of our Peruvian bark comes from England, that, except what we receive from Brazil, most of our crude India-rubber comes to us from the same source; that tea from China comes to New York in large quantities by the way of London and Germany, and that American hardware still reaches Australia by the way of London and Liverpool, we can realize how in some cases circuitous routes can be made straight and long distances shortened.

With the canal placed upon a strictly commercial basis, free and open to the shipping of the world, neutralized in time of war by the general agreement of all nations, its control will not be a military bone of contention, and the interests of this country upon the Gulf and the Caribbean can be guarded by a moderate, but efficient naval force stationed at places other than the terminal waters of the canal. The three plans that are now proposed for the solution of the question of ship transit across the American isthmus are :

First. The construction of an inter-ocean ship canal at the Isthmus of Panama.

Second. The construction of a ship canal and water route by the way of Nicaragua.

Third. The construction of an inter-ocean ship railway across the isthmus of Tehuantepec in Mexico.

The first plan is that of the Panama Canal. Ground was broken for this work in 1882, and it is still in the course of construction. It has met many very serious engineering difficulties, and the extravagant expenditure of money has brought the present company constructing it, to a state of financial distress. Up to the present time the French Government has refused to grant direct or indirect assistance to the company, and as the work is less than one-third finished, it is not unreasonable to consider its eventual completion a matter of reasonable doubt. There seems little question, however, that if it should ever be completed, its cost will be so great as to prevent its being a financial success to the company now constructing the work. As to the second, or Nicaragua route, nothing is being done in actual construction; but a concession from the Goverment of Nicaragua has been obtained by a provisional company duly chartered and organized under State law.

A company of engineers is now engaged in making a detailed and complete survey along the route preparatory to the work of construction. Although this canal company has not yet been chartered by the Congress of the United States, the route is the final result of the many surveys carried on at various times and in different parts of the isthmus by officers of the U. S. Navy and under the auspices of the Government; and it is the favorite route in this country. Although this work can be carried on without a charter from the U. S. Congress, the final construction company have applied for its sanction, and have reasonable assurance that the

charter will be granted before the end of the present session.

The third plan proposed for the inter-oceanic transit to the Pacific was that urged by the late Captain Eads for the construction of a ship-railway across the isthmus of Tehuantepec. The concession for this project has been granted by the Mexican Government, and is couched in terms which make it virtually a Mexican affair. It has not as yet secured an additional charter from the Congress of the United States, but can, of course, proceed without one. This scheme of transit is so foreign to the ordinary methods of navigation, that, though in a limited or occasional way it may be made an engineering success, the possibilities of frequent mechanical derangement are so great that for this reason alone, without considering many others, the writer fails to see how it can ever become a commercial success, or solve the great question of inter-oceanic transit. The death of the promoter upon whose fame, gained in undertakings of a different nature, this scheme seemed to rest, will, I think, be a fatal blow to the enterprise. In the examinations and discussions that follow, this plan will not be taken into consideration.

In examining and comparing the various routes to the isthmus, the proximity of the terminal points of the proposed Panama and Nicaragua canals, as well in the Caribbean as on the Pacific, is so close that, as a rule, no reference will be made to either canal. That a canal will be built at one or both places is regarded as a certainty, and an examination of the field that will be tributary to this new highway of the world cannot be too early made.

The present routes to the Pacific by the way of the Caribbean Sea and the isthmus from our North Atlantic ports are the well-known ones through the Windward and Mona Passages, while from the Gulf ports the track lies through the Yucatan Channel.

The steamer routes from Europe, leaving from the English Channel or the Straits of Gibraltar, go either by the way of the Azores or by Madeira; and the sailing routes reaching still farther south join the steamer routes, both entering the Caribbean in the vicinity of St. Thomas, Guadeloupe, or Barbadoes. All of these present routes will continue to exist with little change upon the opening of the canal.

The steamer routes in the Pacific are now, coast-wise, North and South; until, reaching San Francisco to the northward, other routes are met with extending to Oregon and Alaska, to China and Japan, and returning to the southward and westward to the Hawaiian Islands and Australia. From Valparaiso, in Chili, a southerly continuous steamer route now exists by the way of the Straits of Magellan to the east coast of South America and the European ports. Sailing routes to and from Panama in the Pacific can hardly be said to exist, so seldom are they used. Brito, however, the proposed terminus of the Nicaragua Canal, is much better placed for sailing vessels, as they emerge from the canal. The route from San Francisco to Brito alone is nearly two weeks shorter than that from Panama, and all of the sailing routes from Brito would possess decided advantages over those starting from Panama.

A new trade route from our Atlantic and Gulf coasts to China and Japan would be made possible by the

canal, with a point of call at the Hawaiian Islands ; and our vessels bound to Australia and New Zealand would then find a shorter way to these countries, calling either at Tahiti, the Marquesas Group, or Rapa Island, in the mid-Pacific.

The route to the west coast of North and South America would be made continuous both from Europe and our eastern seaboard, and our new routes to the Philippine Islands and the Dutch East Indies should find an American port of call in the mid-Pacific among the Gilbert Islands, a group which our missionaries have done so much to reclaim from barbarism.

In examining the existing trade conditions of the Pacific countries we find, in general terms, that Europe and the United States furnish about all of the trade coming from the Eastward. Europe sends almost exclusively manufactured articles, such as metals, cotton, woollen, silk and linen fabrics, and various articles of wooden and earthenware, the only raw material in bulk, worthy of note, being coal from Great Britain ; and since the rapid development of the coal-fields of British Columbia and Puget Sound, of Japan, Chili and Australia, on the shores of the Pacific, this trade has relatively declined. In addition to our manufactured articles, the United States send as raw material coal and petroleum and some lumber.

The return trade from the Pacific is almost entirely composed of raw materials, of which wheat, wood, gold, silver and copper, coffee, coprâ, sugar, nitrates and teas may be mentioned as the most important. In making a detailed examination of the countries that will be reached by the canal, we find in Central America, with

many of the outlets for its trade on the Pacific, a rich and diversified region, the greater portion of which is at an elevation sufficiently great to afford a climate suitable for a white population. Notwithstanding this fact the whites are in a small minority, and the resources of this region are but scantily developed, while a great portion of its export trade goes past our doors to Europe, and a still greater amount of its imports is supplied from that continent. The principal articles of export from the Central American countries are coffee, indigo, hides, india-rubber, dye and cabinet woods, sugar, cocoa, and tropical fruits. The greater part of our coffee and indigo supply should come from Central America, instead of from Brazil and the more distant East Indies.

The cultivation of tropical fruits, and especially the banana, has been greatly stimulated in the Central American countries by their nearness to the practically unlimited market of the United States. Increased facilities of communication by railway and steamer have brought these perishable fruits within the reach of the dwellers in the distant interior. The demand outruns the supply, and sections of Central America, the rivers, lagoons, harbors and railroads, are being lined with banana plantations, the existence of which depends upon the market afforded by us.

In addition to the great agricultural and pastoral resources of Central America, partly shown by the exports, there is great mineral wealth lying yet untouched within the limits of these countries. Resources of this kind exist in San Salvador, Nicaragua, and more particularly in Honduras; and their develop-

ment is not only retarded by the want of capital directly applied, but also by the want of facilities for transportation. Among these mineral resources are gold and silver, and rich deposits of iron and "brown coal."

The United States ought to supply the greater part of the articles of importation into these countries, such as the cotton, woollen, linen and silk fabrics, the provisions and petroleum, now furnished by England, Germany and France. The value of the exports from Central America is shown by recent statistics to be, in round numbers, \$21,000,000, while that of the imports amounts to \$16,000,000. Surely this trade so close to us is worth having, and the enterprise and intelligence of our merchants should now look beyond our home limits and prepare to take advantage of the cheaper transportation which the canal will afford. They should also adopt the system of long credits and the practice of careful packing, which have done so much to secure the European hold on the Central American trade.

The Pacific coast of Mexico, though so much longer in extent and so much richer in resources than its Gulf coast, furnishes, owing to its isolation and want of development, but one-sixth of the export trade of that nation. In addition to the more valuable minerals that abound along this coast and furnish twelve-thirteenths of its exports, there are resources of iron, coal, lead and tin that cannot be said to have been explored. Of other articles we need only mention the unequalled cacao of Soconusco, the famous coffee of Colima, the rice, indigo and tobacco of the Southern coast, and the salt, phosphates and orchilla of the regions about the Gulf of California. The goods wanted from the outside

world are mainly the same as those required in Central America, the trade being in both cases, to a very large extent, in the hands of Germans, who are so successful as merchants in these countries. Though the Germans are too shrewd to force German goods, exclusively, upon the people, they are ready assistants, whenever practicable, to the German manufacturer, with his cheaper and inferior goods. The preparation given the future German merchant before starting from home greatly aids his after success. Commercial schools and trade courses have been inaugurated to fit the scholars for their career in foreign lands, and of late a school of living Oriental languages has been instituted in Berlin, partly with a view to educate persons about engaging in business in Eastern countries.

The great export staples of our States and Territories of the Pacific coast are breadstuffs, particularly wheat, barley and flour. Besides these, the Pacific States ship lumber, canned salmon, ginseng, quicksilver, and gold and silver in ore and bullion. The value of one of the breadstuffs as a commercial staple can be duly appreciated when it is considered that nearly one-half of the wheat exported from the United States is supplied by the Pacific slope. The breadstuffs are sent mainly to Europe, and will go through the canal in all probability as a return cargo in freight steamers belonging to the Atlantic coast. The superiority of this improved transportation and the economy of the steamer in commerce can be better understood when it is known that the sum of all the port entries of the world shows that sailing vessels make three, and steamers fifteen voyages per annum, so that the average carrying-power of a steamer

is five times as great as that of a sailing vessel. In addition to the various staples of the Pacific slope, many of the products of the waters and islands of the Pacific will be brought together at San Francisco and sent eastward by the canal. This is already the case with the cargoes of most of the vessels engaged in the fur, seal and whale fisheries of the North Pacific. San Francisco, with its fine geographical position, magnificent harbor, excellent internal water communications, and its great railway systems, possesses obvious advantages which, combined with the intelligence, foresight and energy of its merchants, and its greater proximity to the European and Atlantic markets, must place it above all of its possible rivals in the Pacific. With direct steamer communication to and from Europe by way of the canal, will end the singular isolation and dependency which have so long retarded its advancement. The most striking effect of the opening of an inter-oceanic canal upon our trade to the west coast of South America will be the saving of the time now lost by the delay and the trans-shipment of goods at Panama. Not only will the continuous water route do away with detentions and the missing of connection at Panama, it will greatly lessen also the cost of freights and cannot fail to give us a fairer share of the commerce with Western South America. The articles of export common to the countries of this coast are gold and silver ores and bullion, cinchona or Peruvian bark, hides and coffee. With these must be mentioned the cacao and India-rubber of Colombia and Ecuador, the sugar, guano, vicuña and alpaca wools of Peru, and the nitrates, copper and breadstuffs of Chili. The canal will be the natural out-

let for almost all of these articles bound to a European or Atlantic market.

Of the manufactured products that go in return we should supply the larger share, not only in articles more peculiarly American, but in those common to Europe and America. In railway plant alone our material, which is better fitted for these countries than that made in Europe, should control the market, while in Bolivia our merchants would find a commercial field hardly explored by Americans.

Turning from the coast of South America, we find that England, France and Germany are rivalling each other in the absorption of the various groups of islands which dot this vast Pacific Ocean.

Polynesia, which has for its eastern boundary the west coast of South America, has now its western limits at the 180th meridian. In this division of the Pacific the French predominate politically, but not commercially. The first group of islands, however, that we meet with in leaving the South American coast, the Galápagos, is under the jurisdiction of Ecuador. This group contains a small and uncertain settlement of Ecuadorians, and being out of the line of the present commercial routes and with only tolerable harbors and water supply, it is at present of little trade importance. There is, however, in the interior of the islands, quite an area of good soil, capable of sustaining a considerable population, and the group, from its geographical position, may acquire a certain importance upon the opening of the canal. The other islands off the coast of South America will remain insignificant factors in the future trade of the Pacific.

The three great groups in the mid-Pacific controlled by France are the Marquesas, Paumotus, or Low Archipelago and the Society Islands; and with the last I class the outlying islands of the Austral group, and the island of Rapa, all under the control of France. The principal product of these islands, is at present, coprâ, or the dried kernel of the cocoanut; after this follow pearls and pearl-shell, sugar, cotton, and tropical fruits. The soil of these islands is also capable of raising coffee and tobacco, and is suitable for the pasturing of live stock. Of the products just named, the sugar and the tropical fruits will find a market in the Pacific, and will not be likely to pass through the canal. For coprâ and cotton there is a steady demand in Europe, but as the production of cotton is restricted by the unsettled condition of the labor question in the tropical and sub-tropical Pacific, coprâ would be at first the only great product passing through to the Atlantic.

The various islands to the westward of the Society Islands and the French possessions, forward their products when collected to San Francisco, Tahiti, Auckland, and Sydney; or, coming within the sphere of trade of the German South-Sea Company, they send their produce to Apia in the Samoan islands. The commercial organization known as the "German South Sea Trading and Plantation Company," is the successor of the once famous Hamburg firm of Godeffroy & Co. Its operations extend across the Pacific from the Society Islands, through the Samoan, Tongas, Gilbert, Marshall, Caroline, and other groups, until they reach New Guinea and Cochin China.

The firm of Godeffroy & Co., whose former principals

largely hold the stock of the South Sea Co., was in existence for a century. Before 1857 its operations were confined to the Indian Ocean, in the East, with Cochin China as headquarters, and in the West, to the coast of South and Central America, with Valparaiso as the central station. In 1857, a station was established in the Paumotus or Tuamotus, and operations were extended to the westward. The Samoan islands were finally made the headquarters in the Pacific. In 1872 the establishment at Apia numbered thirty-four Europeans, mostly Germans, and numerous supernumeraries of all nationalities, and occupied about 25,000 acres of land, of great fertility, obtained from the natives. This land was acquired in various ways, one method being by barter; Messrs. Godeffroy & Co. enjoying exceptional advantages during the civil wars among the natives from their control of a manufactory of firearms at Liege, Belgium, through which they could supply guns at a "cheap rate and reasonable profit," for money or for land. The natives sold freely and indiscriminately to such an extent that at the present time more land is claimed, by whites alone, than is represented by the actual area of the islands. These claims, if legalized, would leave no resting-place for the natives who still number in the whole group about 35,000 souls.

Godeffroy & Co. established at Yap, in the Caroline Islands, an intermediate station between Samoa and their old agencies in Cochin China, and acquired 3,000 acres of land. By this time the firm had an agent in every productive island of this part of the Pacific which was inhabited by natives disposed to permit white men to reside and trade among them.

Before the Franco-German war a programme of colonization was drawn up for Upolu, the most fertile island of Samoa, and a German man-of-war, the *Hertha*, was *en route* to Samoa, to prepare the way for military settlers from the home country. These plans were suddenly ended by the outbreak of the war, the recall of the *Hertha*, and the French blockade of Hamburg. The suspension of all commerce with Hamburg resulted in the failure of Godeffroy & Co., and after the return of peace, the stock and good-will of the firm were taken by the South Sea Company and, notwithstanding the fact that the company has failed to receive, so far, the direct guarantee of the Imperial Government, it has gone on with the indirect influence of the Government at its back. How actively this influence is exerted the current news of the day tells us.

The Marshall Islands have been annexed to Germany, the Caroline Islands were almost absorbed, and the Samoan islands, owing to the indifference of the English Government, not to speak of our own, are likely to be "protected" into a German colony at an early date.

Commercially, the South Sea Company has not met with the success of its predecessor, and there are English, Americans, and other German rivals now in the field. Of late years, two American firms from San Francisco, have entered into competition with the German Company, and were our trade and traders closely followed by our flag, as the German merchants are supported by Germany, the American traders, who are more popular with the natives, could maintain their trade influence and acquire a firmer foothold.

The great staples of the other islands of Polynesia,

Melanesia and Micronesia, are the same as those of the French possessions in the mid-Pacific. As we go to the westward and approach the Malaysian and Asiatic islands the soil becomes capable of growing indigo, ginger, nutmegs, and other spices, as well as various fibre-producing plants. The imports of these islands consist mainly of provisions, lumber, hardware, liquor, drygoods, and clothing, in the parts inhabited by whites; while in the partly civilized and savage islands the articles desired are tobacco, calicoes, hardware, and small pieces of wrought iron; American knives and axes having the preference.

The Fiji islands since they became, in 1874, an English colony have developed a wealth and prosperity which are more particularly due to the greatly increased cultivation of the sugar-cane. This cultivation is restricted only by the want of labor; the labor problem being the one upon the solution of which the future prosperity of all the tropical and semi-tropical Pacific islands greatly depends.

The Fijians, Tongans, Samoans and the natives of the French islands will not, as a rule, work as plantation hands, and so the white planters have been securing their laborers by various methods (even by kidnapping), from the New Hebrides, the Salmon, the Gilbert, and other islands in and about the equator. These men of low intellectual order make good laborers, but their numbers are diminishing, and their unwillingness to go to the plantations, especially to those of the French and Germans, is manifestly on the increase. To meet this difficulty, Indian and Chinese coolies have been brought into the Fijis and employed for stated terms, and with a

fair measure of success. It is among the possibilities that by these coolies or by a mixed race proceeding from them, this labor question may be solved.

If Australia be regarded as a continent, New Guinea is the largest island in the world, and its partition in 1884 between England, Holland and Germany, will doubtless lead to greater activity of trade here, and to the opening of its resources. With its large population estimated at 5,000,000, it offers a field for commercial activity, and its soil is capable of producing all the products of the South Pacific and Malaysia.

New Zealand belongs to the domain of the American canal, both with regard to the United States and Europe. It is third in trade importance of all the Australian colonies, and is peculiarly fit for colonization by whites of Anglo-Saxon origin. Being insular, with abundance of coal, great pastoral and agricultural resources, and fairly provided with good harbors, it should become, besides a wheat and wool-growing, a maritime and manufacturing country, and an important element in the commerce of the canal. Its exports, amounting to over \$35,000,000, consist mainly of wool, frozen meats, gum, flax, tallow and gold. The imports, which exceed \$37,000,000 in value, consist principally of cotton, woollen and linen fabrics, hardware, machinery, and sugar, all supplied from Europe and the United States. The Australian colonies proper will be a meeting-place for the European trade, coming by the two routes of the American and the Suez canals, with certain advantages at first in favor of the latter. With the Atlantic States, the trade to and from these colonies will go through our trans-isthmian canal, and the wool of Aus-

tralia should go to the Atlantic coast in exchange for cotton fabrics, hardware, petroleum and machinery.

The Philippine islands and the Dutch East Indies furnish us with sugar, manilla, hemp, coffee, and spices, while we send little in return but petroleum, which is meeting competition with Russian petroleum coming by the way of Suez. The question of the control of the petroleum trade of the Pacific will be fought out by the aid of the American canal, the non-existence of which now seriously handicaps our trade in this article in the Asiatic countries.

The well-known exports of China and Japan will find a new and economical route by the way of the inter-oceanic canal, and the balance of trade which is so greatly against us may be equalized by our improved facilities of interchange. In this field, as well as in the whole of the Pacific, Germany is rapidly increasing in commercial importance.

We shall close our round of the Pacific by a reference to the Hawaiian Islands. The trade of this group, though comparatively large, is almost exclusively with our Pacific States. With the opening of the Isthmus route, some direct trade may come from Europe and the Atlantic States, and the excess of the Hawaiian sugar may go through the canal, but the commerce of the islands will be almost entirely confined to the Pacific. Their importance will be increased by their position as a mid-way point of call on the routes from the canal to China and Japan, these trade routes bisecting the existing ones from San Francisco to Australia, New Zealand and the south-west Pacific.

In closing this review of the commercial field to be

affected by the successful completion of the ship canal between the two great oceans of the world, it is not difficult to see that, with its opening, a great epoch in the commercial history of the world will be begun. The importance of the work to the United States can hardly be estimated. The impetus it will give to our commercial activity can be checked only by the want of wisdom in our laws, or by a lack of the proper amount of intelligence, enterprise and capital in the country. That these abound among us the development of our wealth and prosperity at home sufficiently shows, and the opportunities in store for us upon the sea should not be lost.